

## Message Text

UNCLASSIFIED

PAGE 01 SEOUL 02591 300705Z  
ACTION EA-12

INFO OCT-01 NEA-10 ISO-00 EB-08 SOE-02 DOE-15 CIAE-00  
INR-10 NSAE-00 /058 W  
-----035787 301519Z /46

R 300629Z MAR 78  
FM AMEMBASSY SEOUL  
TO USDOC WASHDC  
INFO SECSTATE WASHDC 0184  
AMEMBASSY SINGAPORE  
AMEMBASSY TOKYO  
AMEMBASSY MANILA  
AMEMBASSY JIDDA  
AMEMBASSY KUWAIT  
AMCONSUL HONGKONG

UNCLAS SEOUL 2591

E.O. 11652: N/A  
TAGS: BENC, KS  
SUBJECT: MAJOR PROJECT- CONSTRUCTION OF KOREA'S FIFTH OIL  
REFINERY PROJECT

REF: (A) STATE 059582 (NOTAL) (B) '75 SEOUL 8659 (NOTAL)

### 1. PROJECT DESCRIPTION:

THE HYUNDAI BUSINESS GROUP IS PLANNING TO ESTABLISH KOREA'S FIFTH OIL REFINERY IN A TRIANGULAR JOINT VENTURE WITH APPROPRIATE KUWAITI AND SAUDI ARABIAN ORGANIZATIONS. THE INVESTMENT IN THE PROJECTED REFINERY MOST LIKELY WILL BE ON A 50-25-25 BY HYUNDAI OR ONE OF TWO OTHER KOREAN CONTENDERS AND THE TWO OIL RICH COUNTRIES. THE PROJECTED REFINERY WILL HAVE A DAILY PROCESSING CAPACITY OF 250,000 BARRELS. ITS SITE REMAINS TO BE SELECTED.

### 2. IMPLEMENTING OFFICE:

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 SEOUL 02591 300705Z

MR. LEE, CHONG-SOON, MANAGER  
SUBINNESS DEVELOPMENT DEPARTMENT,  
HYUNDAI CONSTRUCTION CO., LTD.  
8TH FLOOR, HYUNDAI BLDG.  
#178, SEJONG-RO,  
CHONGRO-KU, SEOUL 110, KOREA  
CABLE: HYUNDAICO SEOUL

TELEX: HYUNDAI K2309

3. COST AND FINANCING:

EMBASSY UNDERSTAND THAT THE REFINERY WILL COST APPROXIMATELY DOLLARS 400 MILLION.

4. EXPECTED BID DATES:

UNKNOWN, HOWEVER, ACCORDING TO SOURCES IN THE ROKG, THE FIFTH OIL REFINERY MUST BE BUILT BY THE END OF 1981 TO MEET INCREASING DEMAND FOR ITS PRODUCTS.

5. POTENTIAL U.S. SALES:

U.S. INVOLVEMENT COULD INCLUDE PROJECT CONSULTING SERVICES FOR DETAILED DESIGN AND PREPARATION OF THE SPECIFICATIONS AND TENDER DOCUMENTS FOR EQUIPMENT TO BE PURCHASED FOR SUBJECT PROJECT INCLUDING; PROCESS VESSELS, TOWERS (STEEL OR ALLOY), HEAT EXCHANGERS, HIGH & LOW PRESSURE PUMPS, MOTORS, HEATER, COMPRESSORS, AND STEAM TURBINES.

6. POST COMMENTS:

EMBASSY UNDERSTAND THAT ROKG HAS NOT DEFINITELY DECIDED WHERE AND H

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 SEOUL 02591 300705Z

BY WHOM KOREA'S FIFTH OIL REFINERY WILL BE BUILT; HOWEVER, IT WOULD BE DONE AS A JOINT VENTURE WITH THE TWO OIL-RICH COUNTRIES. WITHIN THIS YEAR, QUALIFIED LOCAL BUSINESS FIRM WILL BE SELECTED TO CONSTRUCT THE PLANT. HYUNDAI APPEARS TO BE THE LEADING CANDIDATE AS THE KOREAN PARTNER FOR THE JOINT VENTURE. COMMERCE MAY WISH TO RELAY THIS PROJECT INFORMATION TO BADGER, FLUOR, LUMMUS AND FOSTER-WHEELER WHICH WERE NOMINATED AS PREQUALIFIED BIDDERS FOR KOREA'S FOURTH OIL REFINERY PROJECT (SEE REFTTEL B) AS WELL AS TO OTHER APPROPRIATE U.S. FIRMS (SUCH AS ARTHUR G. MCKEE). FOSTER-WHEELER WAS AWARDED THE BID FOR THE 4TH OIL REFINERY AND IS NOW WORKING AS ITS PROJECT CONSULTANT. THE SSANGYONG BUSINESS GROUP IS CURRENTLY BUILDING THE KOREA-IRAN OIL REFINERY AT ONSAN NEAR ULSAN INDUSTRIAL COMPLEX IN SOUTHEAST KOREA WITH A REFINING CAPACITY OF 60,000 BARRELS PER DAY IN A JOINT VENTURE WITH AN IRANIAN PARTNER AT A TOTAL COST OF DOLLARS 170 MILLION. IT IS SCHEDULED TO BE COMPLETED BY THE END OF THIS YEAR. THIS IS FIRST EMBASSY CABLE ON THIS PROJECT WHICH WE WILL FOLLOW CLOSELY FOR FURTHER DEVELOPMENTS. SNEIDER

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978SEOUL02591  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780138-0325  
**Format:** TEL  
**From:** SEOUL  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t1978038/aaaaagja.tel  
**Line Count:** 115  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** b6d318c9-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 29 mar 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3364364  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MAJOR PROJECT- CONSTRUCTION OF KOREA'S FIFTH OIL  
**TAGS:** BENC, KS  
**To:** COM  
**Type:** TE  
**vdkgvkey:** odbc://SAS/SAS.dbo.SAS\_Docs/b6d318c9-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014